



OFFICE OF THE COMMISSIONER OF INSURANCE  
STATE OF LOUISIANA

P.O. Box 94214  
BATON ROUGE, LOUISIANA 70804-9214  
PHONE (225) 342-5900  
FAX (225) 342-3078  
<http://www.lidi.state.la.us>

September 4, 2002

**DIRECTIVE 170**

**PROPERTY AND CASUALTY INSURANCE**  
**COMPANY INFORMATION REQUEST**

**TO: ALL PROPERTY AND CASUALTY INSURERS**

Within the last year, the property and casualty insurance market has hardened nationwide, with Louisiana being no exception to this trend. The state of Louisiana is in, what some are calling, a crisis in the homeowners insurance market. A number of homeowners insurance companies are no longer accepting new business or withdrawing from the state all together due to their assessment of our loss potential. We are seeing a similar trend beginning to occur in the automobile insurance market.

We recognize the fact that a more competitive environment fosters lower insurance rates. For example, since 1990 the number of insurers writing homeowners business in Louisiana has gone from 148 companies to approximately 88 companies today, while in south Louisiana the number decreased from approximately 65 to 14 presently writing. These numbers are somewhat deceiving in that not all of the companies are actively writing or, in other words, writing new business. Due to this fact, the Louisiana Property and Casualty Insurance Commission surveyed the 221 companies that have had a book of business in Louisiana since 1990 asking them if they are currently writing new business. Of the companies surveyed, only 58 responded and of the 58, only 20 said they were currently writing new business. Therefore, we must attract new insurance companies to this state, while retaining the current insurers.


Along with the Louisiana Property and Casualty Insurance Commission, I am requesting your assistance in the solution process by issuing this directive. I need your company to give us its recommendations for changes that need to be made in the following areas: regulation, legislation, and departmental operations. In the interest of open and fair communication with the insurance industry, this directive allows companies to be frank in their assessments of regulatory and legislative related problems plaguing Louisiana. Actions taken on these recommendations could help Louisiana become a more attractive marketplace for its consumers, potential insurers and existing insurers.

Please note that your company will not be jeopardizing its relationship with the Louisiana Department of Insurance by making such recommendations. Also, your comments will remain confidential and your company's name will be anonymous. I ask that you be as direct and specific as possible with suggestions in order to ensure that there is no room for miscommunication or misinterpretation.

If you should have any questions, please feel free to contact Ms. Molly M. Quirk at [mquirk@ldi.state.la.us](mailto:mquirk@ldi.state.la.us) or by calling 225-342-7187. Please submit all recommendations in whatever form you deem appropriate by October 31, 2002 to:

**Louisiana Department of Insurance**  
**Attn: Property and Casualty Insurance Commission**  
**8<sup>th</sup> Floor**  
**P.O. Box 94214**  
**Baton Rouge, Louisiana 70804**

By:

  
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J. Robert Wooley  
Acting Commissioner of Insurance

**POTPOURRI**

**Department of Insurance  
Office of the Commissioner**

Directive Number 02-170 Property and Casualty  
Insurance Company Information Request

To: All Property and Casualty Insurers

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to Louisiana Department of Insurance, Attn: Property and Casualty Insurance Commission, 8th Floor, P.O. Box 94214, Baton Rouge, Louisiana 70804.

J. Robert Wooley  
Acting Commissioner

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**POTPOURRI**

**Department of Insurance  
Office of the Commissioner**

Directive Number 02 171  
Stop Loss/Excess Policies of Insurance

To: Insurers Authorized to Issue Property and Casualty or Health and Accident Policies of Insurance in This State

**Directive Number 01-161 Rescinded**

Directive Number 01-161, issued on October 22, 2001, is hereby rescinded in its entirety as of this date.

**Brief Explanation of Coverage**

Stop-loss or excess insurance coverage may provide protection to employers against catastrophic or unpredictable losses under a self-funded employee welfare benefit plan. "Specific" stop-loss insurance coverage limits the employer sponsored health plan's cost for eligible claims for each covered individual, protecting against abnormally high claims for any one individual. "Aggregate" stop-loss or excess insurance coverage limits the employer sponsored health plan's overall annual cost by protecting against an unusually high frequency of total claims. Eligible claims are determined for a stated contract period of stop-loss or excess insurance by the date claims are both incurred by the recipient of medical care and paid by the self-funded employee welfare benefit plan. The following "claims incurred and paid" contract bases are available to suit the needs of diverse employers sponsoring self-funded group health plans.

A. "Run-in" contract basis allows for reimbursement of claims incurred under a self-funded group health plan during a stated period of at least 90 days prior to the effective date of the 12-month contract period of stop-loss or excess insurance and paid during such 12-month contract period.

B. "Paid" contract basis allows for reimbursement of claims incurred under a self-funded group health plan during a stated period prior to the effective date or during the contract period of stop-loss or excess insurance and paid within the 12-month contract period.

C. "Run-out" contract basis allows for reimbursement of claims incurred under a self-funded group health plan during the stated twelve month contract period and paid within a stated period extending at least 90 days after expiration of the 12-month contract period.

D. "Terminal Liability" is an option that may be elected upon initial application or at renewal of a contract providing a "Run-in" or a "Paid" contract basis, furnishing an extra ninety days or more of "Run-out" protection upon termination of the contract period.